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TAGS: [ENRG](#) [ECON](#) [EINV](#) [BEXP](#) [SENV](#) [DJ](#)
SUBJECT: DJIBOUTI: U.S. COMPANY TO INVEST IN WIND, SOLAR, AND
DESALINATION

REF: 08 DJIBOUTI 859

¶1. (U) This message contains business proprietary information.
Please handle accordingly.

¶2. (SBU) SUMMARY. Maple Indian Ocean Resources (MIOR), the
Djiboutian-registered affiliate of a U.S. company, signed
agreements with the GODJ March 21 to begin development of two
renewable energy projects in Djibouti. MIOR plans to build a
40MW wind power installation at Djiboutis Lac Assal, as well
as a solar-powered desalination plant near Djibouti City with
an initial production capacity of 40,000 cubic meters per day.
MIOR estimates that its total initial investment in the two
Djibouti projects will reach USD 200 million. Local press
gave prominent coverage to the GODJ-MIOR agreement, which
highlights the GODJs public commitment to increase access to
reasonably-priced electricity and clean water. END SUMMARY.

MAPLE ENERGY BACKGROUND INFORMATION

¶3. (SBU) Maple Energy PLC (ME) was established in the U.S. in
¶1986. ME has completed several energy projects in Peru,
including a gas-to-power-to-liquids project at Aguaytia in
1996, and a sugar cane-to-ethanol project at Chira River in
¶2005. ME was listed on the London Stock Exchange/AIM and the
Lima Stock Exchange in 2007. Maple Indian Ocean Resources
(MIOR) is a new corporate entity, intended to specialize in
renewable energy development. MIOR is registered in the
British Virgin Islands (as Maple Renewable Resources
Corporation, MRRC) and in Djibouti (as MIOR). Other MRRC
affiliates are pursuing projects in Morocco, Senegal, Kenya,
and Tunisia. According to ME, MRRCs first projects are
likely to be through MIOR/Djibouti.

PLANNED WIND, SOLAR, AND DESAL PROJECTS

¶4. (SBU) In June 2008, MIOR signed a memorandum of
understanding (MOU) with the GODJ Presidency, and three joint
venture agreements with the Ministry of Finance. According to
ME Board Chairman Jack W. Hanks, the GODJ currently holds a 10
percent stake in the joint ventures. However, the GODJs
stake is carried, and the GODJ will not be required to put
up any initial financing for the planned projects. MIOR
envisions three main projects for Djibouti:

--WIND POWER AT LAC ASSAL: MIOR intends to install a wind power project near Djiboutis Lac Assal salt lake. (NOTE. The Lac Assal area is also the site of a planned GODJ-Iceland geothermal project (reftel). END NOTE.) MIORs wind power project would initially produce 40MW, with a gradual increase in production up to a maximum of 200MW. Two initial sites are planned for Gali Maaba (30MW) and the Goubet (10MW). A pre-feasibility study for the wind project was completed in February 2009. There is no existing transmission line from the Lac Assal area to the population centers around Djibouti City; MIOR is currently evaluating several options for how to link the proposed wind sites to the currently under-construction 220KV Djibouti-Ethiopia electricity interconnection. According to ME Board Chairman Hanks, the French company Vergnet Group will supply wind turbines to MIOR, and has agreed to set up a warehouse and maintenance facility in Djibouti and to train Djiboutian workers to service the turbines.

--SOLAR POWER AND DESALINATION: MIOR also plans to build a solar-powered desalination plant at the village of Douda, some 10km outside of central Djibouti City. This plant will use Concentrated Solar Power (CSP), a parabolic trough system, and reverse osmosis technologies to produce an initial 40,000 cubic meters/day of water. Hanks said that in order to begin water production more quickly, MIOR might choose to use diesel power initially before moving to solar. Eventually, the plant is intended to increase production to 100,000 cubic meters/day. MIOR has also agreed to provide an additional 6MW of power to Djiboutis National Office of Water and Sanitation

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(ONEAD), and to manage an existing 51 ONEAD water wells. A pre-feasibility study for the desalination plant was completed in February 2009.

--WASTE WATER MANAGEMENT PLANT: In the longer term, MIOR also intends to work with the GODJ to build a waste water management plant. However, Hanks said that MIOR would first concentrate on its wind, solar, and desalination projects, and that there were no concrete plans yet for a waste water management component.

15. (SBU) Hanks reported that MIOR concluded initial offtake agreements with the GODJ March 21, including a water purchase agreement with ONEAD, and a power purchase agreement with EDD (Djibouti Electricity, the GODJs electricity parastatal). MIOR estimates that the total initial investment for the wind, solar, and desalination projects will reach USD 200 million. Hanks said that MIOR intends to raise this amount through several forms of project financing, and will seek Multilateral Investment Guarantee Agency (MIGA) guarantees. MIOR estimates that the two main projects will likely generate approximately 1,000 jobs for Djiboutians. According to Hanks, the total estimated construction timeline is 18 months for the wind power project, and an additional 6-9 months for the solar-desalination project

LOCAL PRESS COVERAGE

16. (U) La Nation, Djiboutis state-run French-language newspaper, gave prominent coverage to the MIOR-GODJ agreements. In an interview published March 26, EDD Director General Djama Ali Guelleh noted that the observed wind speeds at the proposed sites were well above what would normally indicate a lucrative project. Guelleh said that the next step for the wind project would be a one-year feasibility study to test the wind strength more thoroughly, using 70m pylons. Then, he said, the two parties would have to agree on tariff structures. Guelleh gave a slightly longer estimate for the construction period, citing a potential start date for wind power production in 2013. Guelleh also said that the GODJ was aiming to contribute 35 percent of the initial investment in the project.

17. (SBU) COMMENT. Djiboutis Minister of Energy publicly hailed the GODJ-MIOR agreements as part of the national strategy to develop plentiful, well-priced, and secure energy sources. GODJ officials and private sector leaders routinely cite energy as one of the main constraints to development in Djibouti. While this project, like other renewable energy initiatives in the works, may take some time to come to fruition, the GODJ remains hopeful that Djiboutis renewable energy riches will translate both into accelerated economic growth, and into greater access to basic services for the population at large. END COMMENT.
SWAN